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PUBLIC NOTICE

**SUBJECT: Final Action for Setting Payment Rates for Long Term Care Facility Services
(Excluding State-owned Nursing Facilities)**

The South Carolina Department of Health and Human Services (SCDHHS), pursuant to the requirements of Section 1902(a)(13)(A) of the Social Security Act, gives notice of the following actions regarding its methods and standards for setting payment rates for long-term care facility services (excluding state-owned nursing facilities) under the South Carolina Medicaid State Plan (State Plan) under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

Effective for services provided on or after Oct. 1, 2019, SCDHHS will amend the South Carolina Title XIX reimbursement methodology for long term care by:

1. Providing payments to nursing facilities based on the most recent cost report data available (i.e., fiscal year end (FYE) Sept. 30, 2018);
2. Requiring nursing facilities to report costs associated with the operation of the Medicaid-certified beds only;
3. Updating the cost center standards based upon the FYE Sept. 30, 2018, Medicaid cost reports;
4. Applying a 2.7% inflation factor in the calculation of the Oct. 1, 2019, payment rates;
5. Validating the nine months of Non-Emergency Medical Transportation (NEMT) costs for each nursing facility as reported in the FYE September 30, 2018, cost reports to determine the preliminary NEMT add-on amount effective October 1, 2019. To account for outlier utilization shifts based on the actual acuity and clinical need of the provider's beneficiary population observed during the agency's review of Jan. 1-June 30, 2018, NEMT data, the agency will reimburse those impacted providers the lower of the two add-on amounts (either the Oct. 1, 2018, NEMT add-on or the preliminary Oct. 1, 2019, NEMT add-on);
6. Replacing the former modified fair rental value system with an updated fair rental value system to reimburse contracting private and non-state-owned government nursing facilities for capital-related expenditures; and,
7. Reimbursing impacted nursing facilities for Medicaid's share of Hurricane Florence-related evacuation costs due to the mandatory evacuation issued by the governor.

SCDHHS is implementing actions 1, 3, 4, and 5 in order to determine Medicaid reimbursement rates based upon the most recent cost report data available. SCDHHS is implementing action 7 in order to provide payment to impacted nursing facilities for Medicaid's portion of costs related to the governor's mandatory evacuation issued as a result of Hurricane Florence.

SCDHHS is implementing actions 2 and 6, which will replace the current modified fair rental value system with an updated fair rental value system to address the aging South Carolina Medicaid nursing facility cost of capital reimbursement system. Under the updated fair rental value system, nursing facilities will receive all capital-related reimbursement through this formula. Reimbursement under the new system will be based upon an established building cost per square foot with allowances built in for land and moveable equipment. Building square footage associated with common areas will be adjusted accordingly for non-reimbursable cost centers (other than for complex care). Income offsets, as described in Provider Reimbursement Manual HIM-15, section 202.2 (C), will continue to be offset against allowable capital reimbursement. Specialty vehicle auto depreciation expense will continue to be allowed in accordance with the current State Plan guidelines. Finally, to ensure the new funding provided under this policy is directed towards capital-related (i.e. building and equipment) needs of nursing facilities whose age is greater than five years, SCDHHS has developed an "Annual Spending Test" that will require nursing facilities to spend, at a minimum, \$500 per Medicaid certified bed over the course of two years beginning with the cost reporting periods ending Sept. 30, 2020, and Sept. 30, 2021. Failure to meet the annual spending requirement will result in a 10% reduction in the cost of capital per diem in effect prior to the penalty rate period. The reduced cost of capital per diem will then be placed into effect during the next Medicaid rate period.

As a result of the above actions relating to the Medicaid reimbursement methodology changes for nursing facilities effective for services provided on or after Oct. 1, 2019, the weighted average rate is projected to be \$193.17. The weighted average Sept. 30, 2019, rate was \$183.12. This represents a weighted average per diem increase of \$10.05 per Medicaid patient day, or a 5.49% increase.

SCDHHS projects that based upon the above actions, annual aggregate expenditures will increase by approximately \$38 million (\$21 million for rate rebasing and \$17 million for capital expenditures) total dollars including Medicaid days paid while the recipient is under the hospice benefit.

Copies of this notice are available at each SCDHHS Healthy Connections Medicaid office and at www.scdhhs.gov for public review. Additional information concerning these actions is available upon request at the address cited below.

Any written comments submitted may be reviewed by the public at the SCDHHS, Division of Long Term Care Reimbursements, Room 1219, 1801 Main Street, Columbia, S.C., Monday-Friday between 9 a.m.-5 p.m.

Joshua D. Baker

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If you believe that SCDHHS has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with the Civil Rights Official using the contact information provided above. You can file a grievance in person or by mail or email. If you need help filing a grievance, we are available to help you.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf> or by mail or phone at: U.S. Department of Health and Human Services, 200 Independence Avenue, SW, Room 509F, HHH Building, Washington, D.C. 20201 or by phone at: 800-368-1019, 800-537-7697 (TDD). Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>

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si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1-888-549-0820 (TTY: 1-888-842-3620).

خدمات المساعدة اللغوية تتوافر لك بالمجان. اتصل برقم 888-549-0820 (رقم هاتف الصم والبكم: 888-842-3620). إذا كنت تتحدث اذك اللغة، فإن

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Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 1-888-549-0820 (телетайп: 1-888-842-3620).

Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn. Gọi số 1-888-549-0820 (TTY: 1-888-842-3620).

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如果您使用繁體中文，您可以免費獲得語言援助服務。請致電1-888-549-0820 (TTY: 1-888-842-3620)

Falam tawng thiam tu na si le tawng let nak asi mi 1-888-549-0820 (TTY: 1-888-842-3620) ah tang ka pek tul lo in na ko thei.

धयद आप हदी बोलते ह तो आपके लिए मुफ्त म भाषा सहायता सेवाएं उपलब्ध ह। 1-888-549-0820 (TTY: 1-888-842-3620) पर कॉल कर।

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Haka tawng thiam tu na si le tawng let asi mi 1-888-549-0820 (TTY: 1-888-842-3620) ah tang ka pek tul lo in ko thei.

Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement. Appelez le 888-549-0820 (ATS : 888-842-3620).

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ကျိတၢ်တၢ်: ၈၈၈-၅၄၉-၀၈၂၀ နမူနီ ကျိအတိ၊ မၤတၢ်လၢ တလၢ်တူၢ်လၢ်စ့၊ နီတမံၤဘၣ်သ့န့ၣ်လီၤ။ ကိး ၈၈၈-၅၄၉-၀၈၂၀ (ကျိတၢ်တၢ်: ၈၈၈-၈၄၂-၃၆၂၀)။

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